

June 16, 2004



CITY AND BOROUGH OF SITKA

# 2nd Quarter 2004

## Sales Tax Updates

Well, we all survived the April 1 change in the Sales Tax Code as well as the seasonal sales tax increase. Several of you called in with very valid questions and we hope that they were answered clearly and concisely. In this issue, we hope to share some of the responses that were made to those questions as well as point out some other points we feel need to be emphasized. We would also like to thank those of you who made positive comments regarding this newsletter and our website availability. We are trying our best to be as helpful as we can by getting information out and accessible to you.

As always, we are available to answer questions and help with filing of your sales tax quarterly returns Monday through Friday from 8:00 a.m. to 5:00 p.m. except on City recognized holidays. Our offices are located on the second floor of the City building in the Finance Department or we may be contacted by phone at 747-1840 or 1853.

### Yearly vs. Quarterly Filing

You may now request in writing to the Finance Director to file your sales tax returns on a yearly basis instead of quarterly. The requirements to qualify for this option:

- 1) The business must have filed and paid in full all returns for the previous calendar year on a timely basis.
- 2) The total tax collected for the previous calendar year did not exceed \$200.
- 3) Upon approval, tax returns will be mailed out on the 4th quarter of each year and due by January 31st.

Once you are approved to be a yearly filer, you must stay within the above guidelines or you will be required to revert back to a quarterly filer. If you should happen to collect tax on a one time basis in excess of the \$200 during the year, it is advised that you remit it immediately within the quarter it was collected so as not to lose your yearly filing status. Secondly, if you should be delinquent in filing your yearly return, and the tax is in excess of \$500, you will be required to file and remit taxes on a monthly basis for a minimum of one year.

### \*\* Penalties Increased \*\*

On April 1, the Sitka General Code Sales Tax Chapter 4.09.340(a) increased the penalties that can be assessed on delinquent returns as follows:

Month Delinquent	Penalty(% of tax due)	Minimum
1st month or part thereof	5%	\$ 15.00
2nd month or part thereof	10%	\$ 25.00
3rd month or part thereof	15%	\$ 50.00
4th month or part thereof	20%	\$100.00
5th month or part thereof	25%	\$100.00

### Buyer Beware!!!!!!

In regards to the buying or selling of a business operation, it is the seller's responsibility to notify and pay in full all sales tax owed the City within 10 days after the taxpayer quits, sells, exchanges, or disposes of the business. However, if the seller does not abide by this section of the code, the buyer or successor is liable for the full amount of the tax due. The successor is not liable for any tax due if 1) the successor provides written notice to the City and 2) the City has failed to provide written notice to the former owner of tax due within 3 months of the successor's notice.

**If a service provided crosses the boundary for the seasonal sales tax increase, the higher sales tax rate applies. Thus, if you are landscaping for a customer and you start the job in September and don't complete the job until October, the whole job will be billed at the 6% tax rate unless you separate your bill and bill for the service provided in September under one invoice and under a separate invoice bill for work done in October.**

### 2nd Quarter, 2004

April, 2004
May, 2004
June, 2004
<b>DUE JULY 31st</b>

### Special points of interest:

- Long term equipment rentals (more than 30 consecutive days) are no longer taxable. Please include these as a rental on Line 1C and as an itemized exemption under Line 3G on your sales tax return.
- Sales tax forms are mailed for your convenience!!! If you don't receive one, it is still your responsibility to file a quarterly return as long as your sales tax account is open with us. Forms may be obtained online or in our city offices.
- Watch for new wholesale-resale exemption procedures in the near future.



**Summer is here!! Remember the rule of treating others as you would like to be treated when you deal with crowded downtown streets and people not always using the crosswalks.**



***Thank you*** to all those retail stores who have called regarding the implementation of the new Sales Tax Exemption Log. As we work through this area together, we will hopefully reduce the abuse of our consumers and therefore not jeopardize the future of our exemptions. If you suspect or witness abuse, you may fax us a copy of this log with the violator noted and we will pursue the matter. If you did not receive a log, it is available on our website.

**Attention Taxis, Limousines, & Buses!!**

Enclosed in this quarters sales tax return mail out, you should have received your monthly airport tally report. This fee will now be handled by the sales tax department. Please enclose your appropriate fees along with 3 months worth of tally logs with your sales tax returns. This log as well as the fee schedule will be located on our website as well.



**We're on the Web**  
**CityofSitka.com**  
 Under the "Doing Business in the City" link

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